
2003 BUDGET ASSUMPTIONS

Certain broad assumptions are determined which establish a basic foundation for building a budget. These general assumptions provide a framework to County staff, the County Executive and the County Board of Supervisors for setting priorities, determining service levels and allocating limited financial resources.

The following general assumptions are used in guiding the development of the County's 2003 budget.

- Overall inflation factor estimated for costs to continue existing services is projected for 2003 at a range from 1.5% to 2.5% depending upon the particular service or commodity. The major exceptions include energy and health insurance cost increases.
- The County Executive established as a goal for his proposed budget to manage a levy rate decrease, and a tax levy increase below 4%. However a 27% average increase in health insurance premiums (\$2.45 million) made this goal challenging. Additionally, the State's Budget repair bill proposal, which stalled at the Conference Committee stage as the County Budget Targets were being established, included significant shared revenue reductions and many unknown factors making it very difficult to determine if certain state/federal revenues will be available to fund state programs run by the County.
- The proposed budget does decrease the tax levy rate for the 13th consecutive year as a combination of controlling discretionary costs in the budget and a tax base increase of 8.7% resulted in a eleven cent decrease in the rate from \$2.42 to \$2.31 per \$1,000 of property value. The tax levy increase, from \$75.2 million to \$78.1 million, if adjusted for the skyrocketing health insurance cost increases above a usual increase (average of 27% verses 8% medical inflation) otherwise the levy increase could be below 2%.
- County equalized property value (excluding TID's) for tax year 2002 is increasing by 8.7% or over \$2.7 billion, to nearly \$33.8 billion based on continued strong building permit data in 2001, which is reflective of next year tax base increases mostly due to construction and residential market inflation growth.
- For 2003, the County anticipates that the largest state discretionary funding source, Basic County Allocation (BCA) to Health and Human Service programs, will provide no increase to offset higher costs to continue existing service levels. State transportation aids for road maintenance increase \$400,000 in the budget. State Court Support Grant increases are projected to be minimal from the prior budget amount and do not cover cost increases (over \$259,000 of additional tax levy) to run the State Circuit Court system.
- Register of Deeds document recording fees revenues are expected to increase \$275,300 reflecting a projected 5,000 increase from 110,000 to 115,000 documents in 2003 reducing the levy need in County general fund operations.
- Investment income rates of return are estimated to be sufficient when coupled with cash management improvements to allow budgeted revenues to increase by \$115,000 further reducing levy needs as it has over the past several years in the Treasurer's department.
- Debt borrowing costs are projected to be no greater than 5.5% on \$13.5 million planned (based on capital plan) nine year 2003 issue. The levy effort to fund the Capital budget will be slightly lower at 26.7% (\$400,000), which includes a new communication center for county-wide dispatch and beginning jail funding for Phase I construction. The Debt Service budget requires increased levy funding of about \$175,000.
- The End User Technology Support (formerly computer replacement) fund continues to cover the total cost of personnel computer ownership, e-government web-based initiatives, network infrastructure and support costs. Charges back to end user departments will be phased in over a 6-8 year period (currently at 39% of full cost going to 58% of full cost in 2003). In this budget \$400,000 of additional tax levy funding is put into department budgets to help departments absorb higher charge backs. The Departments impact is limited to no greater than 5% more than the 2002 computer replacement charge.